



April 7, 2006

Ms. Jennifer J. Johnson, Secretary  
Board of Governors of the Federal Reserve  
20<sup>th</sup> Street and Constitution Ave, NW  
Washington, DC 20551  
ATTN: Docket No. OP-1248

**Re: Concentrations in Commercial Real Estate Lending, Sound Risk Management Practices**

Dear Sirs and Madams,

Affinity Bank appreciates the opportunity to comment on the proposed guidance on sound risk management practices for concentrations in real estate lending (Proposed Guidance”) issued by the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, The Federal Deposit Insurance Corporation and the Office of Thrift Supervision (together the “Agencies”) on January 10, 2006.

This letter responds to the Agencies’ request for public comment on all aspects of the Proposed Guidance.

We believe that the Agencies have the existing authority to address any concerns that might arise from concentrations in commercial real estate lending. For this reason, we feel the guidance is unnecessary.

Regarding capital requirements in particular, we would argue that changes to bank capital related to concentrations in commercial real estate should be addressed within the risk based capital framework. This is certainly appropriate, as an ANPR has been issued.

We believe that the “one size fits all” guidance should be withdrawn, and that the Agencies should apply existing guidance on a cases by case basis to address any problems in those banks not engaging in CRE lending responsibly.

We feel the guidance should state more clearly how the specific requirements for management information systems and monitoring of the CRE portfolio may be scaled down for smaller banks and banks with narrowly focused CRE concentrations. If not scaled down, these monitoring systems will cause an undue hardship on these smaller banks. This hardship may lead to banks curtailing their CRE lending, and not meeting the needs of its lending community.

**MEMBER**  
**FDIC**

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Again, we wish to express our appreciation for the opportunity to comment on the Proposed Guidance. We would be pleased to provide further assistance in any way we can.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. Mahan', written in a cursive style.

David E. Mahan  
Executive Vice President, Chief Loan Officer

Edward Summers  
Senior Vice President, Chief Credit Officer